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Southern California Gas Company Advanced Metering Infrastructure (AMI)

California Public Utilities Commission Briefing

October 19, 2009

SoCalGas AMI Project Proposal, A.08-09-023

Description:

- Retrofit ~4 million natural gas meters by 2016 and replace ~2 million natural gas meters with modules already attached
- Install a wireless communication infrastructure
- Achieve enhanced operational efficiencies, service, safety, and energy conservation
- Implement AMI for the last remaining major energy utility in California (5.1 million natural gas customers in PG&E and SDG&E will have by 2012)

Financial Summary:

- Estimated project cost = \$1.079 billion over deployment period 2010-2016 *
- Total customer NPV = +\$19.0 million (revenue requirement)

*Costs are based on initial RFP responses; lower cost than joint SCE/SoCalGas hybrid network option



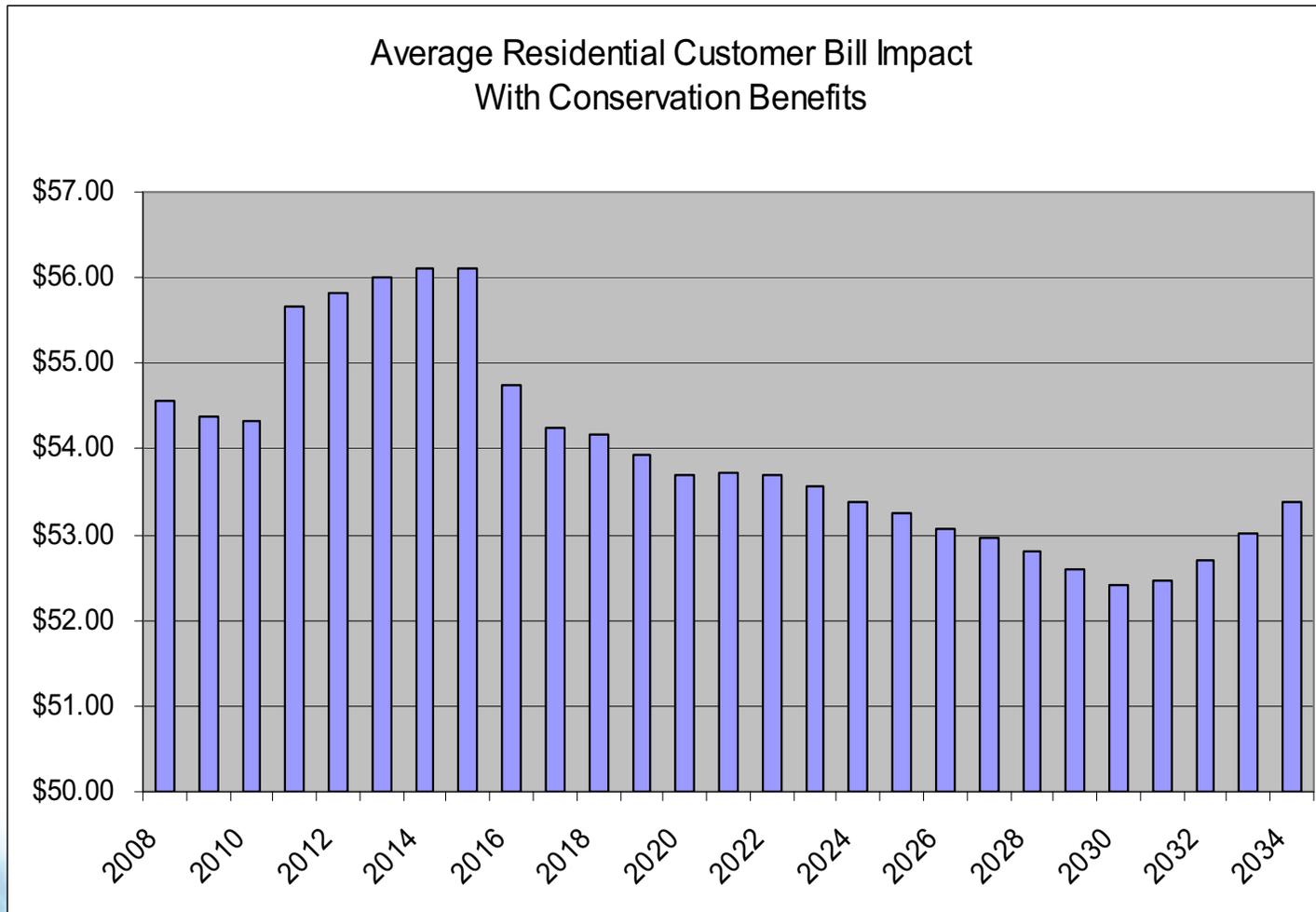
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Tangible Economic Benefits

- Operating benefits of \$2.9 billion offset 85% of the project cost -- highest percentage among all CPUC-approved AMI projects (other projects are 60% - 70%)
- Average residential customer bill impact through deployment -- increase of \$1-\$2 per month; bills will be lower two years after deployment
- Provides stimulus of \$200-\$300 million in southern California and adds hundreds of additional skilled field jobs in first 4 years of deployment



Customers Realize Savings From Substantial Operating Benefits



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Energy Conservation & Environmental Benefits

- Enables 1% energy savings in average residential gas usage
 - Conservation estimates are real, reasonable, and supported by experts (Dr. Sarah Darby, recognized world expert on behavior change and information feedback, developed the estimates based on established research and relevant studies)
 - Gas energy usage awareness should accelerate adoption of energy efficiency measures with sustainable energy savings e.g., insulation, energy efficient appliances, windows, duct maintenance, etc. (not included in NPV business case)
- Provides environmental benefits, including reductions in CO₂ emissions which can lead to \$8-\$28 million of societal benefits (in addition to NPV benefits in the business case)
 - ~140,000 tons of CO₂ reduction per year
 - Reductions are from energy savings and 6.3 million fewer vehicle miles traveled



Potential Water Conservation Benefits

- Water agencies expressed interest in partnering with SoCalGas on AMI network and technology
- Gas AMI and water AMI based on similar technology and installations
- Hourly interval usage information to customer could be key for water conservation
- Water conservation yields additional energy savings



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Workforce Implications

- Workforce reduction from AMI not expected to begin until mid-2012, occurring over a 5-year period
- Part-time meter readers comprise ~80% of meter reading workforce, with historical attrition rate of up to 60-80% per year
- SoCalGas presented an initial offer to the unions that includes:
 - Job placement commitment for current full-time meter reading employees
None of the current full-time meter reading employees would be laid off as a result of AMI, provided they successfully participate in a priority placement program
 - In-source some deployment work for current part-time meter reading employees
Certain work could be performed by company personnel, provided costs, quality, productivity and flexibility are competitive
 - Create new jobs in post-AMI deployment work
Potential new positions for corrosion inspections, module maintenance and ongoing meter-module retrofit work after AMI is deployed
 - Provide placement and re-training assistance

